

REMARKS

In order to emphasize the patentable distinctions of Applicant's invention over the prior art, claim 1, as well as claims 2, and 4 – 13 dependent thereon, have been amended to further require, in part, a contractor certification system for obtaining lines of credit for a building contractor comprising: (a) survey means comprising a questionnaire stored in a computer database, which is provided to selected candidates within different organizational levels of a building contractor's business for electronically gathering answers ...; (b) said selected candidates different organizational levels comprising at least one workers, foremen, project managers, engineers, and principals; (c) mapping means for studying said answers provided to said questionnaire on said computer database to select job site visits and candidates for interviews, ...; (e) comparison means for assessing business and financial practices by way of software evaluation of results obtained from steps a-d, and electronically ranking the contractor in comparison with industry standards; and (f) reporting means for providing a grade indicative of said contractor's rank, said reporting means further comprising computer generation of a comparative report" The amendments to claims 1, 2, 4 – 13 is clearly supported by the original specification, particularly at: page 15, lines 18 – 19; Fig. 5; page 22, lines 15 – 23; and page 23, lines 1 – 8.

Surety risk predication based on operational and financial practices of building contractors is currently difficult to determine as building contractor's financial and operational practices are unique in that they are highly sensitive to changing conditions.
The combination of features required by Applicants' amended claims 1, 2, and 4 – 13 provides a system that concisely determines a builder contractor's business and financial

practices in a manner so that financial institutions can rely on the information when providing lines of credit to a contractor. An objective evaluation of a contractor's risk value for surety and lending institutions is achieved through the combination of features required by Applicants' present claims. Specifically, the approach of surveying candidates from different organizational levels provides a multifaceted, accurate representation of the daily practices of the contractor's business. Moreover, the on-location assessment of the candidates selected by way of the mapping means through examining answers and correlating them to determine matches, discrepancies and inadequate details, enhances the quality of the process in assuring a highly accurate certification determination which sureties can comfortably rely upon.

I. Claim Rejections under 35 U.S.C. §101

The Examiner has rejected claims 1, 2 and 4-13 under 35 U.S.C. §101 as being directed to non-statutory subject matter. The Examiner has stated that to satisfy 35 U.S.C. 101, an invention must produce a "useful, concrete, and tangible result". [OA, pg. 25, ¶24].

Recently on October 30, 2008, the Court of Appeals for the Federal Circuit (CAFC) repudiated the "useful, concrete and tangible" test and has interpreted 35 USC §101 to yield a process eligible for patent protection if: (1) it is tied to a particular machine or apparatus; or (2) it transforms a particular article into a different state or thing.¹ *In re Bilski*, 545 F.3d 943, 959-960 (Fed. Cir. 2008). The CAFC held that "...a process tied to a particular machine, or transforming or reducing a particular article into a

¹ The Office Action is dated September 8, 2008, prior to the CAFC ruling in *Bilski*.

different state or thing, will generally produce a ‘concrete’ and ‘tangible’ result as those terms were used in our prior decisions.” *Id.* Continuing, the CAFC stated that “...looking for ‘a useful, concrete and tangible result’ may in many instances provide useful indications of whether a claim is drawn to a fundamental principle or a practical application of such a principle, that inquiry is insufficient to determine whether a claim is patent-eligible under § 101”, but indicated that it was never intended to supplant the machine-or-transformation test outlined by the Supreme Court. *Id.*

The CAFC explained that the machine-or-transformation test is a two-branched inquiry wherein an applicant may show that a process claim satisfies §101 either by showing that his claim is tied to a particular machine, or by showing that his claim transforms an article. *Id.* at 961-962 *citing Gottschalk v. Benson*, 409 U.S. 63, 70 (U.S. 1972).

Application of the transformation part of the test requires that the claimed process transform an article into a different state or thing, and this transformation must be central to the purpose of the claimed process. *Id.* at 962. The CAFC in *Bilski* clarified what sorts of things constitute "articles" such that their transformation is sufficient to impart patent-eligibility under §101. In articulating this clarification, the CAFC in *Bilski* looked to the Supreme Court’s previous holding that electronic transformation of data itself into a visual depiction constitutes transformation of an article into a different state or thing (pointing to the Supreme Court’s holding in *In re Abele*, 684 F.2d 902 (C.C.P.A. 1982)). *Id.* at 963. The claimed process is not required to involve any transformation of the underlying physical object that the data represented. *Id.* So long as the claimed process is limited to a practical application of a fundamental principle to transform specific data,

and the claim is limited to a visual depiction that represents specific physical objects or substances, there is no danger that the scope of the claim would wholly pre-empt all uses of the principle. *Id.*

The claimed invention, as amended, is tied to a particular machine, that being a computer. The computer, as required by Applicant's claims, provides a survey means comprising a questionnaire that is stored in a computer database, and is accessed on the contractor certification web site. Applicant's claims require that the questionnaire is provided to selected candidates within different organizational levels of a building contractor's business for electronically gathering answers concerning information detailing business and financial practices. Applicant's claims, as amended, further require comparison means for assessing business and financial practices by way of software evaluation of results obtained from steps a-d, and electronically ranking the contractor in comparison with industry standards to provide a grade indicative of the contractor's rank via a computer generation of a comparative report that provides a listing of key risk factors and highlights the business and financial practices and risk factors of the contractor in comparison of the risk factors. Thus, Applicant's current claims are tied to a particular machine – that being a computer as is required by the first branch of the machine-or-transformation test reaffirmed in *Bilski*.

Applicant's claims also meet the second branch of the machine-or-transformation test, because the claimed process transforms an article into a different state or thing, and the transformation is central to the purpose of the claimed process. *Bilski* at 962. Like in *Abele*, as cited by *Bilski*, Applicant's system provides for the electronic transformation of data itself into a visual depiction, and constituting transformation of an article into a

different state or thing. The “article” in Applicant’s claims, like in *Abele*, is data entered into the database of the system. The “article” or data of Applicant’s claims is then transformed into a different state or thing, like in *Abele*, in that it is transformed into a visual depiction represented as a grade indicative of the contractor’s rank via a comparative report. This transformation required by Applicant’s claims is central to the purpose of Applicant’s claimed process, that being to provide a grade for sureties to utilize in considering whether to allow a contractor obtain a line of credit. Accordingly, Applicant’s current claims yield a process eligible for patent protection as it transforms a particular article (electronic data) into a different state or thing (a grade and comparative report) as required by the second branch of the machine-or-transformation test clarified in *Bilski*.

Under the recent holding in *Bilski*, Applicant’s claims provide a process eligible for protection under 35 USC 101 because Applicant’s claims are tied to a particular machine or apparatus (a computer), OR, alternatively, Applicant’s claims yield a process which transforms a particular article (electronic data) into a different state or thing (a grade and comparative report).

Even in applying the previous interpretation of 35 U.S.C. 101, repudiated by *Bilski*, that the invention produces a "useful, concrete, and tangible result", Applicant’s claims would still be rendered patentable. Lack of usefulness has been held to exist in one of two forms: where it is not apparent why the invention is "useful" occurring when an applicant fails to identify any specific and substantial utility for the invention, or, in the *rare instance* where an assertion of specific and substantial utility for the invention

made by an applicant is not credible. MPEP 2107.01. *Brenner v. Manson*, 383 U.S. 519, 148 USPQ 689 (1966); *In re Fisher*, 421 F.3d 1365, 76 USPQ2d 1225 (Fed. Cir. 2005); *In re Ziegler*, 992 F.2d 1197, 26 USPQ2d 1600 (Fed. Cir. 1993). According to the MPEP 2107.01(I)(B), “any reasonable use that an applicant has identified for the invention that can be viewed as providing a public benefit should be accepted as sufficient, at least with regard to defining a "substantial" utility.” MPEP 2107.01(I)(B). An invention that is “inoperative” (i.e., it does not operate to produce the results claimed by the patent applicant) is not a “useful” invention in the meaning of the patent law. See, e.g., *Newman v. Quigg*, 877 F.2d 1575, 1581, 11 USPQ2d 1340, 1345 (Fed. Cir. 1989). However, as the Federal Circuit has stated, “[t]o violate [35 U.S.C.] 101 the claimed device must be totally incapable of achieving a useful result.” *Brooktree Corp. v. Advanced Micro Devices, Inc.*, 977 F.2d 1555, 1571, 24 USPQ2d 1401, 1412 (Fed. Cir. 1992) (emphasis added). See also *E.I. du Pont De Nemours and Co. v. Berkley and Co.*, 620 F.2d 1247, 1260 n.17, 205 USPQ 1, 10 n.17 (8th Cir. 1980) (“A small degree of utility is sufficient . . . The claimed invention must only be capable of performing some beneficial function . . . An invention does not lack utility merely because the particular embodiment disclosed in the patent lacks perfection or performs crudely . . . A commercially successful product is not required . . . Nor is it essential that the invention accomplish all its intended functions . . . or operate under all conditions . . . partial success being sufficient to demonstrate patentable utility . . . In short, the defense of non-utility cannot be sustained without proof of total incapacity.”). MPEP 2107.01(II). Clearly, Applicant’s claimed invention provides a useful process as Applicant has identified a specific and substantial utility for the invention – which is credible – that being to

provide a contractor certification system for obtaining lines of credit for a building contractor.

The Examiner has stated that claim 1 covers a human as an element of the system, and thus the claim is directed to non-statutory subject matter. MPEP 2105. Specifically, the Examiner has stated that limitation (b) is directed towards “said selected candidates comprising workers, foremen, project managers, engineers and principals.” [OA p 26]. However, Applicant was not claiming coverage of a human as an element of the system, but rather required specific job titles of candidates within an organization. In an effort to expedite prosecution of this application, Applicant has amended claim 1, subsection (b) to require that the “different organizational levels” comprise at least one worker, foremen, project manager, engineer, and principal. Accordingly, Applicant’s claim 1, as amended, does not claim coverage of a human as an element of the system.

Additionally, the Examiner has stated that claim 1 is disclosed as a system while reciting a plurality of method / process steps. However, the Examiner has stated, claim 1 lacks the requisite system structure as there is no combination of computer hardware and software. Therefore, the plurality of “means” is interpreted to be software per se, which is non-statutory. In order to expedite prosecution of this application and more clearly claim the invention, Applicant has amended claim 1 to require a combination of computer hardware and software. Applicant’s invention as claimed provides survey means comprising a questionnaire stored in a computer database, which is provided to selected candidates within different organizational levels of a building contractor’s business for

electronically gathering answers concerning information detailing business and financial practices. Applicant's amended claims require mapping means for studying the answers provided to the questionnaire on the computer database to select job site visits and candidates for interviews. Comparison means for assessing business and financial practices by way of software evaluation of results obtained from steps a-d, and electronically ranking the contractor in comparison with industry standards is also required by Applicant's amended claims. Accordingly, Applicant's claim 1, as amended, is not software per se, but includes a software program embodied on computer-readable or computer-executable medium and is a statutorily protected system having the requisite system structure.

The Examiner has stated that the claimed invention lacks concreteness since the practice of the invention is solely dependent on the subjectivity of a human user and the outcome of the practice of the claimed invention is not substantially repeatable as different contractors are evaluated. Particularly, the Examiner has pointed to the requirement concerning "comparison means for assessing business and financial practices" as being a subjective practice because it is unclear how the survey answers and on-location assessment are used in the comparison and assessment of a contractor's practices. In order to expedite prosecution of this application and more clearly claim the invention, Applicant has amended claim 1 to require comparison means for assessing business and financial practices by way of software evaluation of results obtained from steps a-d. Accordingly, Applicant's claim 1, as amended, clearly is not a subjective

practice and is substantially repeatable as different contractors are evaluated – thereby, yielding a concrete result.

Accordingly, reconsideration of the rejection of claims 1, 2 and 4-13 under 35 U.S.C. §101 as being directed to non-statutory subject matter is respectfully requested.

II. Claim Rejections under 35 U.S.C. §112, first paragraph

The Examiner has rejected claims 1, 2 and 4-13 under 35 U.S.C. §112, first paragraph, as based on a disclosure which is not enabling.

The Examiner has stated that subject matter critical or essential to the practice of the invention but not included in the claim is not enabled by the disclosure. *In re Mayhew*, 527 F.2d 1229, 188 USPQ 356 (CCPA 1976). Specifically, the Examiner has stated that the claimed invention recites a “mapping means” for examining and correlating answers, as well as “comparison means” for assessing business and financial practices and that the specification does not provide adequate written disclosure to enable an artisan of ordinary skill in the art to make and / or use the invention since the invention could be utilized differently by each human user. [OA, pg. 28-29]. Further, the Examiner has stated that the metes and bounds of the “on-location assessment means” is unclear because the observation of the contractor’s business practices and financial procedures seem to be subjective – thus, one of ordinary skill in the art would not be enabled to make, practice or use the claimed invention without undue experimentation. [OA, pg. 29-30].

The first paragraph of 35 U.S.C. 112 requires that the "specification shall contain a written description of the invention". This requirement is separate and distinct from the enablement requirement. *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d 1555, 1560, 19 USPQ2d 1111, 1114 (Fed. Cir. 1991); *Univ. of Rochester v. G.D. Searle & Co.*, 358 F.3d 916, 920-23, 69 USPQ2d 1886, 1890-93 (Fed. Cir. 2004) (discussing history and purpose of the written description requirement); *In re Curtis*, 354 F.3d 1347, 1357, 69 USPQ2d 1274, 1282 (Fed. Cir. 2004) ("conclusive evidence of a claim's enablement is not equally conclusive of that claim's satisfactory written description").

To satisfy the written description requirement, a patent specification must describe the claimed invention in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. *Moba, B.V. v. Diamond Automation, Inc.*, 325 F.3d 1306, 1319, 66 USPQ2d 1429, 1438 (Fed. Cir. 2003); *Vas-Cath, Inc. v. Mahurkar*, 935 F.2d at 1563, 19 USPQ2d at 1116.

There is a strong presumption that an adequate written description of the claimed invention is present in the specification as filed. *In re Wertheim*, 541 F.2d 257, 263, 191 USPQ 90, 97 (CCPA 1976) ("we are of the opinion that the PTO has the initial burden of presenting evidence or reasons why persons skilled in the art would not recognize in the disclosure a description of the invention defined by the claims").

However, the claimed invention as a whole may not be adequately described if the claims require an essential or critical feature which is not adequately described in the specification and which is not conventional in the art or known to one of ordinary skill in the art. The inquiry into whether the description requirement is met is a question of fact that must be determined on a case-by-case basis. See *In re Smith*, 458 F.2d 1389, 1395,

173 USPQ 679, 683 (CCPA 1972) ("Precisely how close [to the claimed invention] the description must come to comply with Sec. 112 must be left to case-by-case development."); *In re Wertheim*, 541 F.2d at 262, 191 USPQ at 96 (inquiry is primarily factual and depends on the nature of the invention and the amount of knowledge imparted to those skilled in the art by the disclosure).

The Examiner has the initial burden, after a thorough reading and evaluation of the content of the application, of presenting evidence or reasons why a person skilled in the art would not recognize that the written description of the invention provides support for the claims. The Examiner must establish a *prima facie* case by providing reasons why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed in view of the disclosure of the application as filed. A general allegation of "unpredictability in the art" is not a sufficient reason to support a rejection for lack of adequate written description.

Any analysis of whether a particular claim is supported by the disclosure in an application requires a determination of whether that disclosure, when filed, contained sufficient information regarding the subject matter of the claims as to enable one skilled in the pertinent art to make and use the claimed invention. The standard for determining whether the specification meets the enablement requirement was cast in the Supreme Court decision of *Mineral Separation v. Hyde*, 242 U.S. 261, 270 (1916) which postured the question: is the experimentation needed to practice the invention undue or unreasonable? *In re Wands*, 858 F.2d at 737, 8 USPQ2d at 1404 (Fed. Cir. 1988).

Based on the guidelines and case law set forth, clearly Applicant's claims, as originally filed and as amended, meet the written description requirement of §112, first

paragraph. Firstly, the Examiner has failed to establish a *prima facie* case as to why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed in view of the disclosure. Instead, the Examiner sets forth general allegations of “unpredictability in the art” in that the Examiner expounds that the “comparison means” as being limited to subjectively reviewing survey answers and are therefore based on the subjectivity of a human user. Essentially, such alleged subjectivity would render the claim unpredictable. However, the Examiner has not evidenced reasons why persons skilled in the art would not recognize in the disclosure a description of the invention defined by the claims. Secondly, one of ordinary skill in the surety art would be able to readily capable of utilizing a “mapping means” for examining and correlating answers as mapping means via software programs, and the like are provided in the art. Further, one of ordinary skill in the surety art would be able to readily apply “comparison means” for assessing business and financial practices without undue experimentation. Even still, claims 1, 2 and 4-13 have been amended to further require that comparison means for assessing business and financial practices are carried out by way of software evaluation of results obtained from steps a-d. Support for the amendment can be found in the original filed application, particularly in Fig. 5 [*“Software evaluation of results from the Four (4) Reports”*], and pages 22-23 of the application.

Specifically, in Fig. 5 there is shown a flow sheet depicting steps involved in the contractor certification process. At step 1 a contractor accesses the Construction Risk Technology web site and completes a questionnaire. Owners, sureties, contractors, brokers or financial institutions may access the web site. The web site system manages

setting up an account for the owners, sureties, contractors, brokers or financial institutions and charges a fee accordingly. If a request is made by a contractor, a regional Construction Risk Technology Technical Evaluator arranges a meeting with the contractor to complete interview questionnaires and job site visits. At step 2, the owner's response regarding project performance is obtained. At step 3, the responses from questionnaires as well as details obtained during interviews and job site visits are gathered, compared and analyzed to create a report on project performance by Construction Risk Technology. At step 4, the Construction Risk Technology's report on contractor headquarters' responses together with additional visit information are compiled and gathered. The data obtained in step 4 is stored in the database and is compared with previous contractor evaluations using Construction Risk Technology software and a report is issued, grading the contractor's performance and assigning an appropriate logo. The report is provided to the contractor and is available to authorized personnel at the Construction Risk Technology web site. [Application, pg. 22-23].

In conclusion, the written description requirement has been satisfied because the patent specification describes the claimed invention in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. Additionally, the Examiner has failed to establish a prima facie case as to why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed in view of the disclosure.

Accordingly, reconsideration of the rejection of claims 1, 2 and 4-13 under 35 U.S.C. §112, first paragraph, as based on a disclosure which is not enabling is respectfully requested.

III. Claim Rejections under 35 U.S.C. §112, second paragraph

The Examiner has rejected claims 1, 2 and 4-13 under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

The second paragraph of 35 USC 112 requires a claim to particularly point out and distinctly claim the subject matter which the appellant regards as his invention. However, the "invention" referred to in the second paragraph of 35 USC 112 is also subject to the requirements of 35 USC 101. This section of the statute requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added). *Ex parte Lyell*, 1990 Pat. App. LEXIS 14 (Bd. Pat. App. & Interferences Aug. 16, 1990).

The Examiner has stated that the claimed invention is directed to a system, but recites a plurality of method / process claims and therefore it is unclear what statutory class of invention the claimed invention is directed towards. [OA, pg. 31]. "The question of whether a claim encompasses statutory subject matter should not focus on which of the four categories of subject matter a claim is directed to--process, machine, manufacture, or composition of matter--but rather on the essential characteristics of the subject matter, in particular, its practical utility." *State St. Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368, 1375 (Fed. Cir. 1998). The plain and unambiguous meaning of § 101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability

set forth in Title 35, i.e., those found in §§ 102, 103, and 112. *Id.* at 1372. In *State St. Bank* independent claim 1, as construed in accordance with § 112, was found to be directed to a machine, where claim 1 set forth "a data processing system for managing financial services" and the system comprised "means" recited in the claim. *Id.* at 1371-1372. The Court stated that each claim component, recited as a "means" plus its function, is to be read, of course, pursuant to §112, as inclusive of the "equivalents" of the structures disclosed in the written description portion of the specification, and thus, claim 1, properly construed, claims a machine, namely, a data processing system for managing a financial services configuration of a portfolio established as a partnership, which machine is made up of, at the very least, the specific structures disclosed in the written description and corresponding to the means-plus-function elements (a)-(g) recited in the claim. *Id.* at 1372. The claims herein recite a contractor certification system for obtaining lines of credit for a building contractor comprising: survey means; mapping means; on-location assessment means; comparison means; and reporting means. In analyzing the specification as a whole, it is apparent that, like in *State St. Bank*, the claims herein can be considered machine claims under §101. However, as set forth in *State St. Bank*, focus is not required on which of the four categories a claim is directed to as long as it is apparent that the claim falls within at least one of the categories. "Means" plus its function, is to be read pursuant to §112 as inclusive of the "equivalents" of the structures disclosed in the written description portion of the specification. Survey means is required as a questionnaire in the claims, which in turn is defined in the specification – see Figs. 2 and 3 and the discussion thereto. Mapping means is defined in the specification on page 19, lines 19-23, setting forth that the completed questionnaires are

sent to Construction Risk Technology, the evaluating company, and referring to step 12 in Fig. 1, the Technical Evaluators of Construction Risk Technology examine the details of the answers and correlate them to determine clear matches, clear discrepancies and inadequate details. Based on this analysis, the Technical Evaluators map out strategies for interviews and visits to several job site inspections. [Spec., pg. 19, ln. 19-23]. On-location assessment means is described in the application via specification page 20, lines 1-4. Comparison means is described in the application via specification page 20, lines 10 – 12. Reporting means is described in the application via specification page 20, lines 14 – 17. The specification is not required to be all inclusive in describing the equivalents. Accordingly, the claim is not rendered indefinite.

The Examiner has stated that limitation (a) of claim 1 sets forth that a questionnaire is provided to selected candidates “within different organizational levels” of a contractor. However, the Examiner has requested clarification as to whether these different levels are directed to the organizational hierarchy or groups / division. As defined in the specification, the “different organization levels” are directed to the organizational hierarchy, as candidates may be drawn from different organizational levels and can comprise workers, foremen, project managers, engineers and principals. [See specification, page 17, lines 1-2].

The Examiner has stated that limitation (c) of claim 1 sets forth that survey answers are examined to determine matches, discrepancies and inadequate details. However, it is unclear what the answers are compared to in order to determine what is a match, what is a discrepancy, and what constitutes inadequate details. The answers submitted by the candidates in the given company are compared to one another, and the

details of the answers are correlated to determine matches, discrepancies and inadequate details. [See specification, page 17, lines 11-23] (“In Fig.1 there is shown generally at step 10 a schematic representation of the steps in the contractor certification process. ... Referring to step 11, a questionnaire relating to contractor's business is sent to a number of selected candidates within the contractor's business. These candidates may include workers, foremen, project managers, engineers and principals. ... Depending on their roles in the organization, these candidates may submit substantially different answers and reference divergent illustrative incidents. Completed questionnaires are sent to Construction Risk Technology, the evaluating company. Referring to step 12, the Technical Evaluators of Construction Risk Technology examine the details of the answers and correlate them to determine clear matches, clear discrepancies and inadequate details. Based on this analysis, the Technical Evaluators map out strategies for interviews and visits to several job site inspections.”). The evaluators map out strategies and set up interviews with targeted employees or principals probing specific areas.

Further, as to claim 1 limitation (a), the survey questionnaire obtains information comprising management structure, reporting structure, internal communications procedures, etc., whereas the risk factors comprising the report of limitation (f) includes operational structure, etc. The Examiner has stated that it is unclear whether information for each of the risk factors of limitation (f) are collected in the survey questionnaire of limitation (a). Information for each of the risk factors of limitation (f) are collected in the survey questionnaire of limitation (a). Specifically, see Fig. 2 – Figs. 3a-3c.

Accordingly, reconsideration of the rejection of claims 1, 2 and 4-13 under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, is respectfully requested.

IV. Claim Rejections under 35 U.S.C. §103

The Examiner has rejected claims 1, 2, 4, 5, 7, 8, 9, 12 and 13 under 35 U.S.C. §103(a) as being unpatentable over Aycock et al. (US Patent No. 5,765,138) in view of GuruNet's "Business Evaluation Statements", further in view of the Award Expiration/Closeout section of the University of Utah Research Handbook, and "Field Team Audits" by The Nielson Environmental Field School (reference 1-U) and Yadav-Ranjan (US 2004/0059592).

Aycock et al. discloses an apparatus and method for providing interactive evaluation of potential vendors. Aycock et al. teaches a tier 1 analysis in step 10 that begins with establishing a master set of supplier quality process maturity requirements in step 12, which may be established from a known set of quality process standards. [Col. 5, lines 19 – 36]. The tier 1 analysis continues to step 14 where quality maturity requirements are selected from the set of requirements established in step 12 in accordance with project requirements. [Col. 5, lines 44 – 47]. After the necessary quality maturity requirements have been selected in step 14, the process continues at step 16 to apply the requirements to the request for proposal/request for quotation (RFP/RFQ), which includes requirements for technical specifications, price and availability, service and support and the selected quality maturity requirements from step 14. [Col. 5, lines

66 – 67 onto Col. 6, lines 1 – 5]. The completed RFP/RFQ in step 16 is disseminated to suppliers that desire to be qualified as vendors for the identified project. [Col. 6, lines 5 – 7]. The completed RFP/RFQ is received from the supplier in step 18 and supplier responses to the maturity questions are analyzed in step 20. [Col. 6, lines 7 – 10]. A score is given in relation to responses in step 22, and a supplier maturity level is calculated in step 24. [Col. 7, lines 14 – 16]. Upon calculating the supplier maturity level in step 24, it is then determined in step 26 whether the supplier meets the minimum maturity level. [Col. 7, lines 38 – 40]. Preferably, the minimum maturity level is set at either a level 2 maturity level for a repeatable process, or a level 3 maturity level for a standardized process. [Col. 7, lines 40 – 43]. If the supplier does not meet the minimum maturity level in step 26, the supplier is automatically rejected in step 30. [Col. 7, lines 43 – 45]. Significantly, however it is determined in step 26 that if the supplier meets the minimum maturity level, then an *interim decision is made in step 32* whether to automatically approve the supplier without any further analysis, onsite or otherwise. [Col. 7, lines 46 – 49, emphasis added by appellant].

Moreover, if there are only one or two suppliers that are to be qualified as vendors, the process may end at step 26, again foregoing any further analysis. [Col. 7, lines 54 – 56]. Typically, however, the supplier evaluation may be part of an overall competitive *bidding* scenario – which, in that case, additional suppliers may be compared and analyzed to obtain at least one qualified vendor. [Col. 7, lines 56 – 59]. Thus, *if it is determined in step 32 that an automatic approval of a supplier cannot be made, then an additional tier 2 analysis is performed*, namely performance of an on-site supplier audit to validate the supplier responses, and to gain any additional information necessary to

complete the supplier selection process. [Col. 7, lines 59 – 65, emphasis added by appellant].

GuruNet discloses a list of statements by which a business owner can evaluate his / her company. GuruNet provides an internal self-evaluation of a business orchestrated by the owner in order to gain information on areas that need improvement. GuruNet provides a list of statements by which a business owner can evaluate his / her company. Significantly, appropriate list of questions are to be distributed to the staff, and *each statement is to be rated [by the individual filling out the evaluation] on a scale of 1 – 10.* The score is then tallied up and averaged to determine which areas need most improvement. From the results, the owner is to develop a plan to improve the most wanting areas.

Utah Research Handbook Reference discloses award management for government contractors. Specifically, the Utah Research Reference discusses Award Expiration / Closeout (§5.7) setting forth that a project must be competed at the end of the award period if the University is to receive completed reimbursement and detailing closeout procedures. Others areas discussed are Final Technical Report and Other Deliverables (§5.7.1), Final Financial Report, Contractor's Release, Refunds, and Claims (§5.7.2), Final Inventory Report and Title to Property (§5.7.3) and Patent and Invention Report (§5.7.4). Significantly, the reference deals with *awarding of government contracts* to the University and the policies and procedures governing the awards.

"Field Team Audits" by The Nielson Environmental Field School (reference 1-U) discloses an auditing procedure for conducting a field team audit. The audit is conducted

by the principals of The Nielsen Environmental Field School. Where clients have multiple sites the sites to be audited are selected based on which field audits are being conducted in order to meet the objective of the audit. The audit yields a simple check list report or may yield a detailed technical evaluation of the sampling team being audited. In addition to written reports, photographic documentation of field activities can be included in the report. The reasons for conducting the audits are varied based on the specific client. The most common reasons for conducting an audit include: (i) for in-house field personnel, to: determine if SOPs are being followed; determine deficiencies in how SOPs have been prepared; determine any misunderstandings regarding SOPs; validate or dispute outside audit results; assist in the development of new SOPs; and conduct annual quality control checks; (ii) for contracted field service audits, to: determine if contractors are implementing approved SOPs; identify areas of deficiency in field procedures; determine if there are any areas of confusion in the field; validate or dispute outside audit results; or determine if companies are receiving all services being invoiced by contractors.

Yadav-Ranjan (US 2004/0059592) discloses a system and method of contractor risk assessment scoring system (CRASS) using the internet, and computer software. The disclosure deals with a system and method with the process of automatically assessing the Risk associated with Construction Contractors (Contractor Risk Assessment Scoring System (CRASS)). The method comprises steps (a) implemented a computer software which features steps to create an information database including information elements, (b) provide mined Contractor data to automate valuation model system, (c) receiving Contractor valuation data from Public and Private Entities, (d) determining a maximum

allowable score by applying a pre-set valuation data, and (e) automatically carrying out in the computer system using software. The computer system for automatically processing the Score is disclosed. The invention may utilize a user interface, a server, and a communication pathway to electronically solicit, receive, and store contractor information.

In summary, the Examiner has stated, as per claim 1, that Aycoc et al. teaches a contractor certification system comprising Applicant's claim 1 subsections (a) [survey means], (c) [mapping means], (d) [on-location assessment means], (e) [comparison means], and (f) [reporting means]. [OA, page 35-37].

The Examiner has stated that although Aycoc et al. is not explicitly directed towards business contractors, contractors encompass various types of contractors (i.e. vendors, suppliers, building contractors, etc.), and thus an artisan of ordinary skill in the art would look to apply the teachings of Aycoc et al. towards certifying specific types of contractors. Further, the Examiner has stated that Aycoc et al. does not disclose assessment means for determining the business and financial practices of a contractor's practice, however, the Examiner gleans support from GuruNet. The Examiner has stated that GuruNet teaches a set of assessment statements given to staff members of a company that can be used to evaluate the financial practices of a company. [OA, pages 38-39].

The Examiner has stated that the combined teachings of Aycoc et al. and GuruNet do not explicitly teach the step of assessing a contractor's close out procedures, and has gleaned support for same from the Utah Research Handbook. The Examiner stated that it would have been obvious to one of ordinary skill in the art at the time of

invention to modify the Aycock-GuruNet combination to include closeout procedures as taught by the Utah Research Handbook in the assessment step, because disclosing technical and financial information regarding specific projects in evaluating the fiscal responsibility of contractors, enhances the ability of the Aycock-GuruNet combination to assess the business and financial practices of a contractor. [OA, pg. 40-41].

Further, as to (b), providing a questionnaire to selected candidate comprising workers, the Examiner has stated that Aycock et al. and GuruNet provide for self-assessment of the practices of a contractor, but do not explicitly disclose the job title/role or organizational hierarchical position. However, the Examiner has stated that the job title and/or role of survey participants do not affect the structure or manipulative steps associated with conducting a survey and therefore do not merit patentable weight. Furthermore, workers, foremen, project manager, engineer, and principal are all employees of an organization; thus, the distribution of surveys to employees of the contractor being evaluated in the teachings of Aycock et al. and GuruNet are deemed to satisfy the limitation of the claim.

As per limitation (d), the Examiner has stated that the combined teachings of Aycock et al., GuruNet, and The Utah Research Handbook fail to teach the step of on-location assessments visiting several active job sites at which a contractor is involved. However, the Examiner has stated that Nielsen Environmental teaches conducting on-location assessment visits at several job sites at which a contractor is involved.

As per (f), Aycock et al. teaches receiving and storing contractor responses to a questionnaire but does not explicitly teach a listing of key risk factors and highlights said business and financial practices and risk factors of said contractor in comparison of said

risk factors, said risk factors comprising said operational structure, marketing of new projects, current projects, details of project execution, safety procedures, statutory compliance, project administration, mediation/arbitration procedures and past litigation. However, the Examiner has gleaned support from GuruNet and Yadav-Ranjan, stating that Yadav-Ranjan teaches obtaining and storing information pertaining to the business and financial practices of a contractor, including current projects, statutory compliance, mediation/arbitration procedures and past litigation of a contractor. [OA, pg. 45].

Independent claim 1 meets the conditions for patentability because the combination of Aycock et al., GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan fail to teach or suggest all the claim limitations of the contractor certification system of claim 1, and any such teaching or suggesting to make the claimed combination and the reasonable expectation of success is not found in the prior art but is based on applicant's disclosure.

Firstly, Aycock et al.'s method and system for evaluating supplier capabilities, and any combination of same with GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan, does not teach, suggest or even permit independent third party assessment. Particularly, as per the limitation in claim 1, subsection (a) requiring third party assessment; the Examiner has stated that "*the purchasing agent identifying the set of technical requirements that need to be met may be a contracting department of the buying entity, or an independent agent acting on behalf of the buying entity.*" [OA, page 35, first paragraph, citing Aycock et al. Col. 1, lines 55 – 56, Col. 6, lines 1 – 9]. Aycock et al.

provides for an agent –acting on behalf of the buying entity – thus creating an agency relationship between the buying entity and the “independent agent”, wherein “an agency relationship is a consensual relationship created when one person(the agent) acts on behalf of and subject to the control of another (the principal).” Hynes, Dennis J., “Agency, Partnership, and the LLC: The Law of Unincorporated Business Enterprises”, Lexis Law Publishing, Fifth Edition, 1994, Glossary; Restatement (Second) of Agency §1. **Thus, Aycock et al. does not teach “independent third party” assessment but at best teaches that an agent acting on behalf of the buying entity conducts the assessment.** Conversely, Applicant’s claims require an independent third party – independent from the contractor AND independent from any particular lending or surety entity. While any system of Aycock et al. would result in assessment via an agent of the lender or surety itself. There is absolutely no bias with the application of the system required by Applicant’s claims. Even still, wherein on-site auditing were to take place in Aycock et al. (discussed in more detail hereinbelow pertaining to Appellant’s claim 1, subsection (d) limitation), same is taught to be performed by “the purchasing *agent* and / or *employees / consultants of the buying entity ...*” [Aycock et al., Col. 8, lines 21 – 26], which again establish an agency relationship so that same is standing in the shoes of the buying entity and thus is counteractive to an independent third party assessment. That is because in Aycock et al. the evaluation method is based on specific projects, i.e. to determine if a supplier qualifies as a vendor satisfying a *specific buying entity’s specific project needs.* Whereas Appellant’s contractor

certification system is carried out via a set of standards (put in place by the system) to conclude with a certification which can be utilized by *any* surety institute. Appellant's system issues an unbiased objective report describing the contractors performance and lender risks, as compared to industry standards. This issued report may be used to increase the confidence level of surety and financial institutions when underwriting bonds and loans. A contractor may use this report as a third party assessment to improve his marketing performance.

Secondly, Aycock et al.'s method and system for evaluating supplier capabilities, and any combination of same with GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan, does not teach assessment means for determining the business and financial practices of a contractor's practices, comprising management structure, reporting structure, internal communications procedures, safety and labor management practices, current projects, funding, gross margins and close out procedures. GuruNet merely provides a list of statements by which one can self-evaluate their company by distributing same to staff and having the staff answer by rating each statement on a scale of 1 – 10. The statements *do not provide* the type of in-depth information to which a surety would rely upon in extending credit. Management structure type statements provided by GuruNet are vague, for example: (i) Quest. 42 states "we have the management structure and systems in place to provide cost effective, high quality, timely service for our product and services"; (ii) Quest. 43 states "we have a core team in place capable of effectively managing all aspects of our business"; (iii) Quests. 52 – 59 deal with statements concerning management, dealing with problems, recruitment, orientation and training, etc. [GuruNet, questions as cited]. These

statements (or questions) are only probative as subjective questions and are vague. They merely assist a business owner in finding weaknesses, and certainly a surety could not possibly utilize answers to such questions to base a multi-million dollar loan upon. Questions in GuruNet are answered on a scale of 1 – 10, and therefore, not only are the questions vague and subjective, but the answers would not provide the degree of information that a lender could rely upon – or any vital information for that fact, except a biased rating anywhere from 1 - 10. Therefore, even if one of ordinary skill in the art at the time of invention were to modify the teachings of Aycock et al. to include the evaluator statements presented by GuruNet same would not yield evaluations of business and financial practices that could be comfortably utilized by surety institutions in the surety underwriting process. Furthermore, any such acknowledgement Examiner has taken as Official Notice that evaluations of a business can be used for a plurality of applications, such as establishing insurance premiums or loans of credit, and that the surety underwriting process involves the analysis of financial, credit, and organizational capabilities of an organization, *does not change the fact that any combination of the method of Aycock et al. with the statements of GuruNet would not yield a system that provides an accurate, concise, in-depth assessment of a building contractor's business which a surety would rely upon.* Moreover, the Official Notice does not establish evaluations of a business as applied by claim 1, in the context of a building contractor's business.

The Examiner's reliance on The Utah Research Handbook for teaching the step of assessing a contractor's close out procedures where the combined teachings of Aycock et al. and GuruNet do not explicitly teach close out procedures is misplaced. The Utah

Research Handbook does not involve a building contractor – or builder – but merely involves government contract awards and as such merely entails the University's handling of closeout procedures, and is not indicative of closeout procedures for building contractors. Thus, any modification of the Aycock-GuruNet combination to include *government contract* closeout procedures taught by the Utah Research Handbook would not enhance the Aycock-GuruNet combination to assess the business and financial practices of a contractor.

Thirdly, Aycock et al.'s method and system for evaluating supplier capabilities, and any combination of same with GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan, does not teach, suggest or permit providing the survey to selected candidates within a building contractor's business, comprising workers, foremen, project managers, engineers, and principals. The Examiner has stated that the job title and/or role of survey participants do not affect the structure or manipulative steps associated with conducting a survey and therefore do not merit patentable weight. However, the job title and role of the survey participants does affect the structure because it directly affects the specific answers given, which in turn has a direct affect on the ultimate report and grade generated and relied upon for obtaining lines of credit for a building contractor.

Job title and role of participants vastly affects the structure *and* steps associated with conducting a survey – and particularly *vastly affects the function of the survey in that uniquely provides a multifaceted survey approach that goes to the very core and intricacies of a business*. That is to say, the questionnaire is distributed to a full gamut of representative segments of a building contractor's business, including workers, foremen,

project managers, engineers, and principals. The requirement that the survey be given to such a wide demographic of the organization is a functional recitation that must be given patentable weight, and which limitation is not present in the references. Having a multifaceted system that uniquely questions the workers, foremen, project manager, engineers and principals is not only functional in giving the questionnaire, but also results in causing the questionnaire to function as a multifaceted assessment process. The limitation is not in any way, inherently or otherwise, disclosed in any of the references.

In re Lowry (1994, CA FC) 32 F3d 1579, 32 USPQ2d 1031, *reh, en banc, den* (1994, CA FC) 1994 US App LEXIS 36805.

The Examiner's statement that workers, foremen, project manager, engineer, and principal are all employees of an organization, and thus, the distribution of surveys to employees of the contractor being evaluated in the teachings of Aycock et al. and GuruNet are deemed to satisfy the limitation of the claim – is overreaching. The evaluation system of Aycock et al. is **not given to selected candidates within a business, but is given to a user / supplier that desire to be qualified as vendors.** [Aycock et al. col. 14, lines 55 – 57]. The Examiner has pointed to “suppliers that desire to be qualified as vendors” teaching appellant’s requirement that “selected candidates” within a contractor’s business be surveyed. Further, the Examiner has stated that GuruNet teaches a set of assessment statements given to staff members of a company. Suppliers that desire to be qualified as vendors in Aycock et al. are generally not in the same organization, but are **suppliers from different companies** that fulfill the evaluation in Aycock et al. in hopes of being selected as the winning bidder (i.e. not within the same company, but are essentially competitors). Moreover, in GuruNet, there

is no teaching that the assessment statement be given to workers, foremen, project managers, engineers, and principals, within an organization for a full multi-level, multifaceted assessment of the business. GuruNet merely sets forth that the statements vaguely be given to staff members. At best such teaching establishes that surveys/questionnaires are administered to a person or a group of people at the same organizational level. That is to say, it teaches that a group of workers may be surveyed – – but does not teach simultaneously orchestrating a questionnaire to a plethora of groups or people of different organizational levels as is required by Appellant's claim1(b).

The Patent and Trademark Office (PTO) **must consider all claim limitations** when determining patentability of an invention over the prior art. *Lowry* at 1582. However, the Examiner does not have *any* teaching supporting a multifaceted assessment derived from questioning workers, foremen, project managers, engineers, and principals within an organization. Appellant's claims require that the selected candidates comprise workers, foremen, project managers, engineers, and principals, thus resulting in a system wherein individuals at a plethora of different organizational levels of the contractor's business are questioned. Compiling the answers from theses different candidates provides a survey that examines every level and aspect of the contractor's business and financial practices, functioning to uniquely derive a full gamut of expertise by questioning all levels within the contractor's business. This multifaceted approach is not disclosed or taught in Aycock et al., GuruNet, Bladen et al., or The Utah Handbook, either alone or in combination, and is a functional recitation that carries patentable weight.

Fourthly, Aycock et al.'s method and system for evaluating supplier capabilities, and any combination of same with GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan, fails to teach a system that *automatically* and *always* incorporates on-location visits. Aycock et al. only provides for on-location assessment or tier 2 analyses (on-site supplier audit) based on contingencies, including *if* a supplier is *not approved* but meets a minimum maturity level (step 26) or *if an automatic approval cannot be made*, and as such on-location visits are not automatically appointed for carrying out. [Aycock et al., Col. 7, lines 38 – 43]. If the minimum maturity level is step 26 is not met, the supplier is *automatically rejected* as a vendor and *no tier 2 analysis is carried out*. [Aycock et al., Col. 7, lines 43 – 45]. Aycock et al.'s on-location assessment is *only* carried out when a supplier meets the minimum maturity level and an interim decision has been made refusing to automatically approve the supplier – therefore, the on-location assessment is not carried out under two circumstances: (i) if the supplier fails to meet the minimum maturity level and is automatically rejected; or (ii) if the supplier meets the minimum maturity level but an interim decision is made to *automatically approve* the supplier. [Aycock et al., Col. 7, lines 38 – 65; Fig. 1 callouts 26, 30, 32, 34 and 36]. Therefore, where the supplier's answers are incorrect, exaggerated, or otherwise misguided, and the supplier is approved, the on-location assessment is not performed to verify and otherwise confirm the answers. Although Aycock et al. does state that where the supplier is a regular and established vendor for other projects, and has an excellent historical vendor performance to suggest that the supplier response are accurate and the supplier would be reliable, such automatic approval is given, such application would not be as reliable in building contracting.

[Aycock et al., Col. 46 – 54]. Because financial deterioration of a building contractor is frequently visible at the very late stages and building contractors are challenged with changing conditions, including elements that are unknown and must be dealt with that are outside the terms and conditions of a specific job or actual conditions known or specifications proposed, such reliance and automatic approval could be risky.

Any combination of Aycock et al. with GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan would not cure the teaching in Aycock et al. for on-location assessment based on contingencies. Thus, the combination of references fail to teach a system that *automatically and always* incorporates on-location visits as is required by Applicant's claims.

It is respectfully submitted that the Examiner has not provided any motivation to re-configure Aycock et al. so that it could carry out the function of providing contractor certification for surety lending delineated by claim 1, apart from the hindsight of the present specification and claims. Specifically, there is no motivation to re-configure Aycock et al. to include that which it fails to teach, including: (i) the nature of the questions asked to include financial and business practices; (ii) asking the questions to select candidates in a gamut of organizational levels; (iii) on-location assessments visits to active job sites; (iv) reporting means; (v) comparative reports; and (vi) mediation/arbitration and past litigation disclosures. The need for such a substantial reconstruction is submitted to negate any finding of obviousness. *In re Ratti*, 270 F2d 810, 123 USPQ 349 (C.C.P.A. 1959).

Accordingly, it is submitted that no motivation for the combination of Aycock et al. with GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan, in the manners proposed by the Examiner has been provided, nullifying the propriety of the present rejection.

Claims 2, 4, 5, 7, 8, 9, 12 and 13 depend from currently amended claim 1, which is submitted to be patentable for the reasons set forth hereinabove. Inasmuch as claims 2, 4, 5, 7, 8, 9, 12 and 13 contain all the limitations of independent amended claim 1, it is submitted that these dependent claims are also patentable over the combined teachings of Aycock et al., GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan.

Accordingly, reconsideration of the rejection of claims 1, 2, 4, 5, 7, 8, 9, 12 and 13 under 35 USC §103(a) as being unpatentable over the combination of Aycock et al., GuruNet, Utah Research Handbook, Nielsen Environmental and Yadav-Ranjan is respectfully requested.

The Examiner has rejected claims 6, 10, 11 and 13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Aycock et al., GuruNet, The Utah Research Handbook, Nielsen Environmental, and Yadav-Ranjan as applied to claim 1 above, and further in view of Ana Volpi's "Support Center Practices Certification" (reference 2-U, referred to hereinafter as Volpi). Claims 6, 10, 11 and 13 depend from currently amended claim 1, which is submitted to be patentable for the reasons set forth hereinabove. Inasmuch as claims 6, 10, 11 and 13 contain all the limitations of independent amended claim 1, it is submitted that these dependent claims are also patentable over the combined teachings of

Aycock et al., GuruNet, The Utah Research Handbook, Nielsen Environmental, and Yadav-Ranjan as applied to claim 1 above, and further in view of Ana Volpli's "Support Center Practices Certification".

Accordingly, reconsideration of the rejection of claims 6, 10, 11 and 13 under 35 USC §103(a) as being unpatentable over the combination of Aycock et al., GuruNet, The Utah Research Handbook, Nielsen Environmental, Yadav-Ranjan and Ana Volpli's "Support Center Practices Certification", is respectfully requested.

CONCLUSION

In view of the amendment to the claims and the remarks set forth above, it is respectfully submitted that the present application is in allowable condition. Reconsideration and allowance of claims 1, 2 and 4-13, as amended, are earnestly solicited.

Respectfully submitted,
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